

JAN 25 2017

A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 432:1-407, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Net worth requirements are as follows:

4 (1) Before issuing a certificate of authority pursuant to
5 section 432:1-301, the commissioner shall require that
6 the mutual benefit society has an initial net worth of
7 \$2,000,000 and the society shall thereafter maintain
8 the minimum net worth required under paragraph (2);

9 and

10 (2) Every mutual benefit society shall maintain a minimum
11 net worth equal to the greater of:

12 (A) \$2,000,000;

13 (B) Two per cent of annual premium net revenues as
14 reported on the most recent annual financial
15 statement filed with the commissioner on the
16 first \$150,000,000 of premium revenues and one



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1 per cent of annual net premium revenues on the
 2 premium revenues in excess of \$150,000,000; or
 3 (C) An amount equal to eight per cent of the sum of
 4 net annual health care expenditures and operating
 5 expenses as reported on the most recent financial
 6 statement filed with the commissioner."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act shall take effect upon its approval.

9

INTRODUCED BY: Roaly H. Bate

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Report Title:

Mutual Benefit Societies; Minimum Net Worth Required

Description:

Clarifies that a mutual benefit society shall maintain a minimum net worth calculated based on annual net premium revenues and net health care expenditures.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

